



SOUTHERN CALIFORNIA
EDISON[®]

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**SHORT RUN AVOIDED COST ENERGY PRICE UPDATE
FOR QUALIFYING FACILITIES**
Filed July 6, 2006
Effective July 1, 2006 - July 31, 2006



Enclosed are the capacity and energy price schedules for purchases from Qualifying Facilities pursuant to Standard Offers and other contracts with Southern California Edison Company, effective July 1, 2006 - July 31, 2006

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This posting is made in compliance with the revised formula adopted by the Commission on March 27, 2001 in Decision No. 01-03-067. Notwithstanding this posting made in compliance with such decision, SCE reserves all rights and remedies available to it to continue to contest the lawfulness of the Commission's short-run avoided cost methodology, as so revised.

GENERAL INFORMATION

If you have any questions, please direct your inquiries to Southern California Edison Company, QF Resources, P.O. Box 800, Rosemead, California 91770. Or you may call the QF Information Line at (626) 302-1950. SCE's SRAC Posting may be viewed electronically at SCE's home page <http://www.sce.com/AboutSCE/Regulatory/qualifyingfacilities/dataanddocuments.htm>

AVOIDED COST CAPACITY PRICES FOR QUALIFYING FACILITIES

Pursuant to California Public Utilities Commission ("CPUC") Decision 96-12-051, the Capacity Schedule for As-Available Capacity for Standard Offer Nos. 1 and 3 reflects SCE's shortage cost of \$4.93/kW-year, which is based on an Energy Reliability Index of 0.1. Shortage costs are determined by adjusting the costs avoided by deferral of combustion turbines using an Energy Reliability Index and will remain in effect until revised pursuant to the Commission's directions. The schedule includes future escalations of capital costs and operation and maintenance costs. Per D.82-01-103, capacity payments are reduced 50% for projects under Standard Offer No. 3 with no time of delivery meters.

CAPACITY PAYMENT SCHEDULE FOR AS-AVAILABLE POWER PURCHASES

Time Differentiated Payments		Non-Time Differentiated Payments	
Costing Period	Capacity Payments (cents/kWh)	Costing Period	Capacity Payments (cents/kWh)
Summer: On-Peak	0.69	Summer	0.07
Mid-Peak	0.08		
Off-Peak	0.00		
Winter: Mid-Peak	0.03	Winter	0.01
Off-Peak	0.00		
Super-Off-Peak	0.00		

MONTHLY CONVERSION FACTORS

The factors to convert annual capacity prices (\$/kW-year) to time period of delivery prices are as follows:

	On-Peak	Mid-Peak	Off-Peak	Super-Off-Peak
Summer	0.1792	0.0310	0.0006	-
Winter	-	0.0178	0.0011	0.0007

Southern California Edison Company
SHORT RUN AVOIDED COST
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Pursuant to D.96-12-028, as modified by D.01-03-067
July 1, 2006 - July 31, 2006

SRAC Formula

$$P_n = \{P_{Base} + (P_{Base} * (G_{Pn} - G_{PBase}) * Factor)\} * TOU$$

G_{PBase}

Values will be adjusted for line losses
in accordance with D.01-01-007

	SRAC Methodology	
	Winter	Summer
On-Peak	-	8.3993
Mid-Peak	-	6.3665
Off-Peak	-	5.0251
Super-Off-Peak	-	-
Time Period Weighted Average	-	5.8939

P _n	=	Energy price in cents/kWh which is calculated based on substituting the variables below into the SRAC formula.	
P _{Base}	=	Base Energy Price	2.0808 cents/kWh
G _{Pn}	=	The simple average of natural gas market price indices from Natural Gas Week, Natural Gas Intelligence and BTU's Daily Gas Wire at the Malin, Oregon location, plus PG&E G-AAOFF tariff rate.	
		<div style="display: flex; justify-content: space-between;"> <div> <p>Simple Average</p> <p>Shrink (0.90%)</p> <p>PG&E Tariff G-AAOFF</p> </div> <div> <p>Malin</p> <p>5.2867</p> <p>0.0480</p> <p>0.3770</p> </div> </div>	5.7117 \$/MMBtu
G _{PBase}	=	Base Gas Price	1.3975 \$/MMBtu
G _{Tn}	=	Intrastate Transportation	
		<div style="display: flex; justify-content: space-between;"> <div> <p>GT-F5</p> <p>ITCS</p> <p>G-MSUR</p> </div> <div> <p>0.3954</p> <p>0.0396</p> <p>0.015534 * 0.984466 * 5.4299</p> </div> </div>	0.5180 \$/MMBtu
IER	=	Incremental Energy Rate	9140 Btu/kWh
O&M	=	Variable Operations and Maintenance adder	0.2000 cents/kWh
Factor	=	$\frac{((IER * (G_{Pn} + G_{Tn})) / 10,000) + O\&M - P_{Base}}{P_{Base} * ((G_{Pn} - G_{PBase}) / G_{PBase})}$	0.5936
TOU	=	<p><u>Summer On-Peak</u></p> <p><u>Summer Mid-Peak</u> = (Total # hrs in month - (1.4251 * # Summer On-Peak hrs in month) - (0.8526 * # Summer Off-Peak hrs in month)) / # Summer Mid-Peak hrs in month</p> <p><u>Summer Off-Peak</u></p> <p><u>Winter Mid-Peak</u></p> <p><u>Winter Off-Peak</u> = (Total # hrs in month - (1.2185 * # Winter Mid-Peak hrs in month) - (0.7760 * # Winter Super-Off-Peak hrs in month)) / # Winter Off-Peak hrs in month</p> <p><u>Winter Super-Off-Peak</u></p>	<p>1.4251</p> <p>1.0802</p> <p>0.8526</p> <p>1.2185</p> <p>0.0000</p> <p>0.7760</p>

SEASON AND TIME PERIOD DEFINITIONS

Time Period	Summer June 1 - September 30	Winter October 1 - May 31		# of Hours 7/1/06 - 7/31/06	
				Winter	Summer
On-Peak	Noon - 6:00 p.m.	n/a	Weekdays except Holidays	0	120
Mid-Peak	8:00 a.m. - Noon	8:00 a.m. - 9:00 p.m.	Weekdays except Holidays	0	80
	6:00 p.m. - 11:00 p.m.		Weekdays except Holidays	0	100
Off-Peak	11:00 p.m. - 8:00 a.m.	6:00 a.m. - 8:00 a.m.	Weekdays except Holidays	0	180
			Weekdays except Holidays	0	0
	Midnight - Midnight	6:00 a.m. - Midnight	Weekends & Holidays	0	264
Super-Off-Peak	n/a	Midnight - 6:00 a.m.	Weekdays, Weekends & Holidays	0	0
Total				0	744

2006 Holidays: New Year's Day (1/1), Presidents' Day (2/20), Memorial Day (5/29), Independence Day (7/4), Labor Day (9/4), Veterans Day (11/11), Thanksgiving Day (11/23) and Christmas Day (12/25). When any holiday listed above falls on Sunday, the following Monday will be recognized as an off-peak period. No change will be made for holidays falling on Saturday.